

# ED&IR Committee

September 9, 2020



TOURISM AUTHORITY



# Speakers



**COLLEEN ANDERSON**  
Executive Director  
San Diego Tourism  
Marketing District



**JULIE COKER**  
President & CEO  
San Diego Tourism  
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**KERRI KAPICH**  
COO  
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JULIE COKER  
President & CEO  
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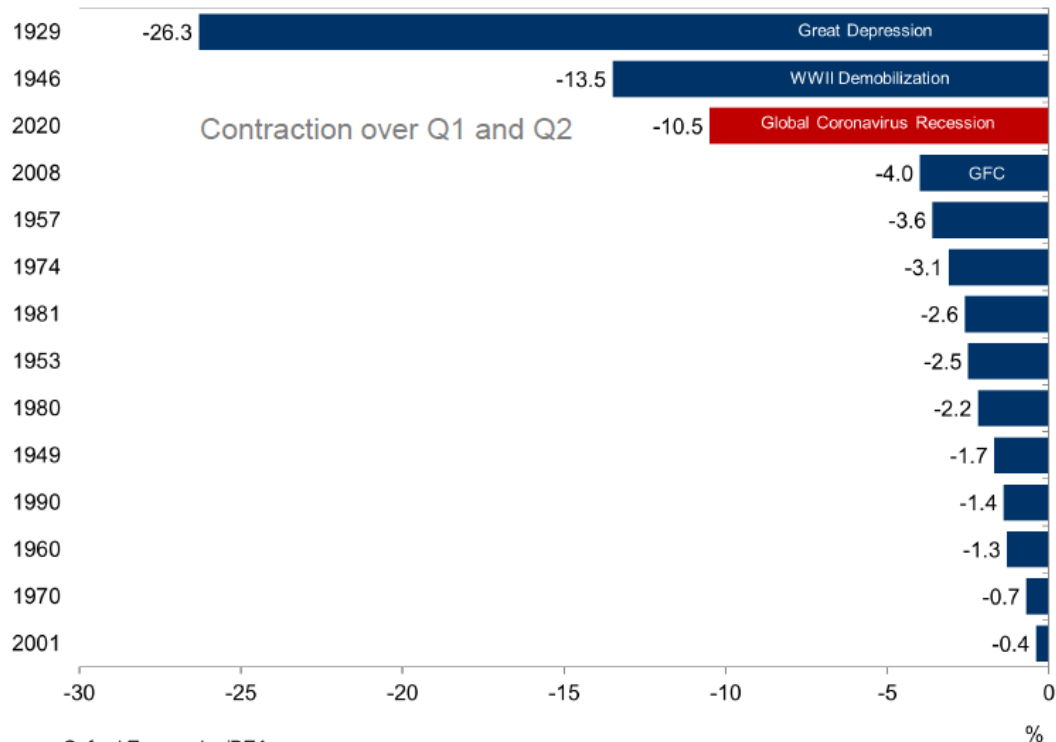
# US Travel Industry

A Top 10 Industry

- \$1.1 Trillion Visitor Spending
- \$2.6 Trillion in Economic Output
- \$180 Billion in Tax Revenues
- 15.8 Million Jobs
- 1 in 10 U.S. Jobs Depend on Travel

# We are in Deepest Recession Since WWII

## US: Peak-to-trough GDP decline during recessions

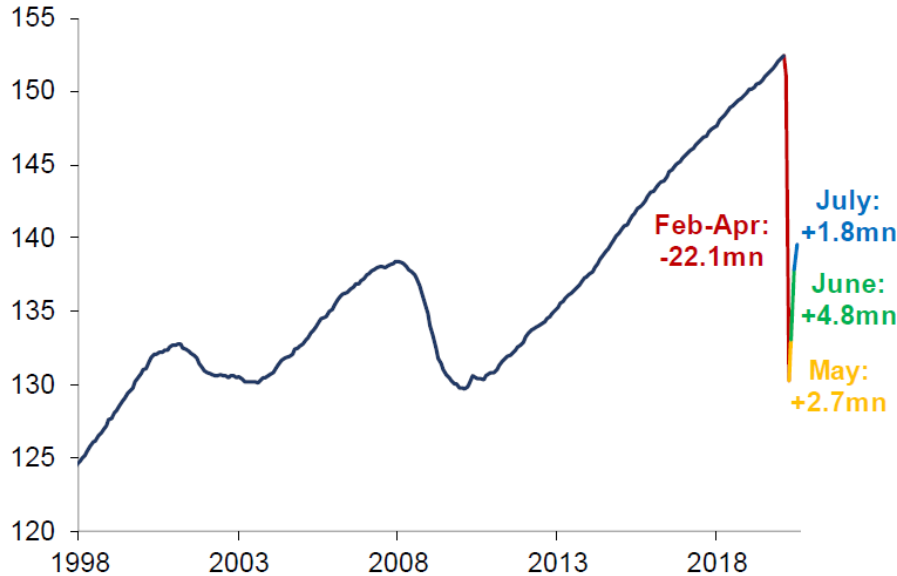


Source : Oxford Economics/BEA

# Even With Improvement, US Jobs Still Down 13 Million

## US: Nonfarm payroll employment

Millions



Source: Oxford Economics/Haver Analytics



# San Diego Tourism Regional Impact

## What's At Stake

FY 2019

**\$11.6 B**  
ANNUAL VISITOR  
SPENDING

**\$19.2 B**  
ANNUAL REGIONAL  
IMPACT

**35**  
MILLION  
VISITORS

**\$31.8 M**  
SPENT DAILY  
BY VISITORS

**\$855 M**  
TOTAL TAXES GENERATED BY  
VISITORS ANNUALLY\*

**\$329 M**  
FY19 TOT COLLECTED  
IN COUNTY

**17.72 M**  
HOTEL ROOM NIGHTS SOLD

**68%**  
OF REGIONAL IMPACT  
DRIVEN BY HOTEL VISITORS

**70%**  
OF VISITOR DOLLARS SPENT AT  
NON-LODGING BUSINESSES

SOURCE: CIC Research, Smith Travel Research, San Diego County Cities

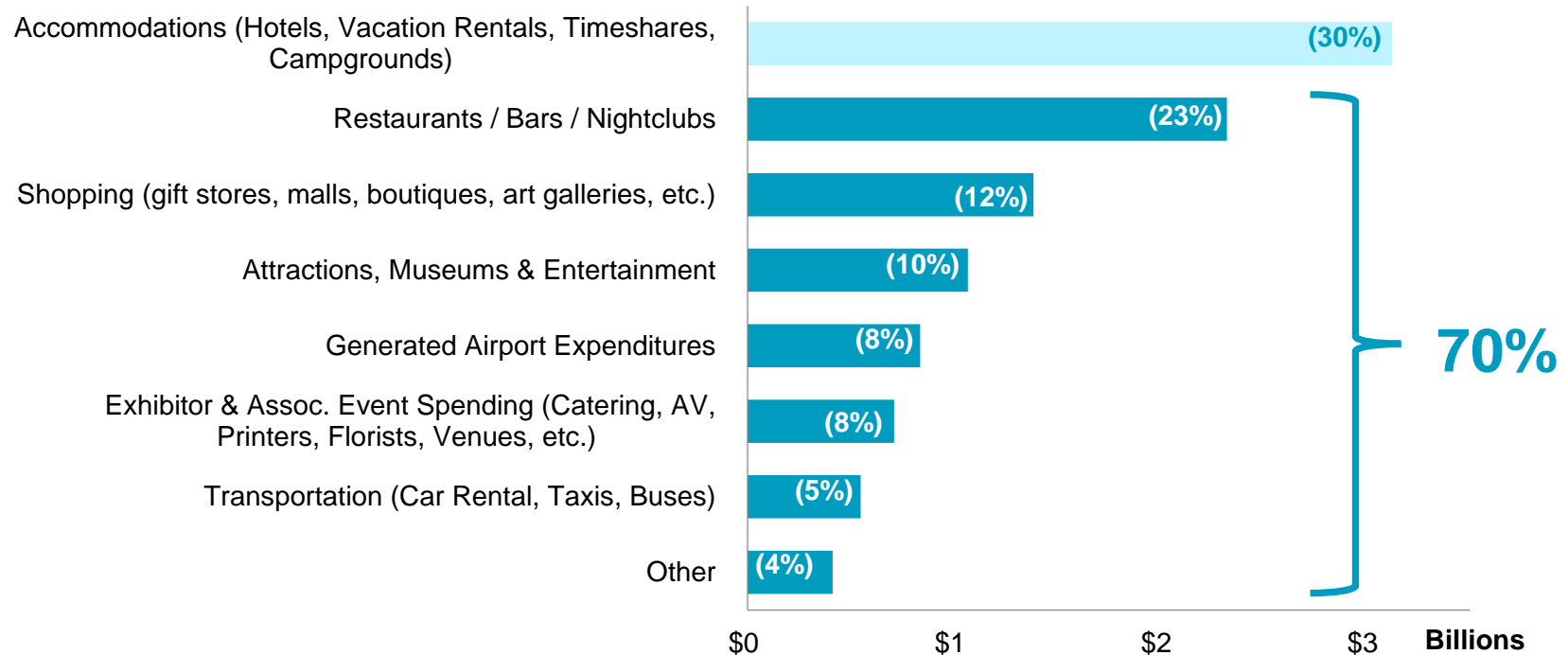
\*State and local transient occupancy, sales & property taxes



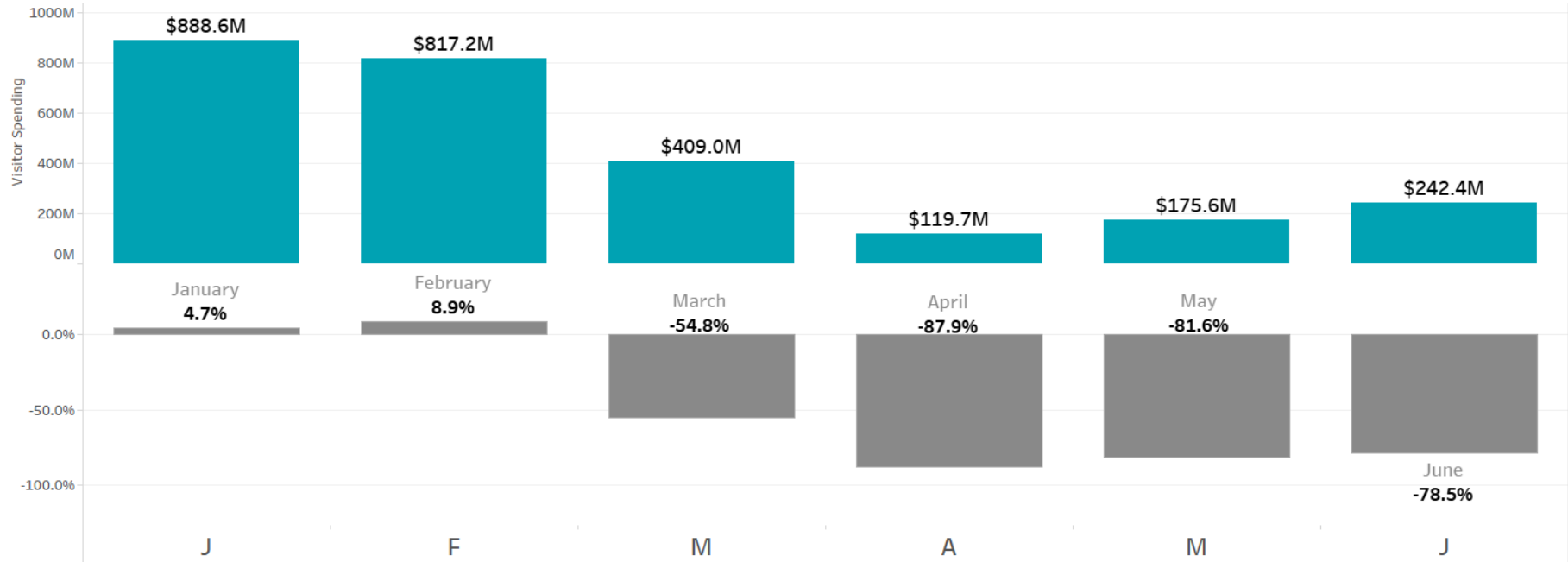
KERRI KAPICH  
COO  
San Diego Tourism Authority



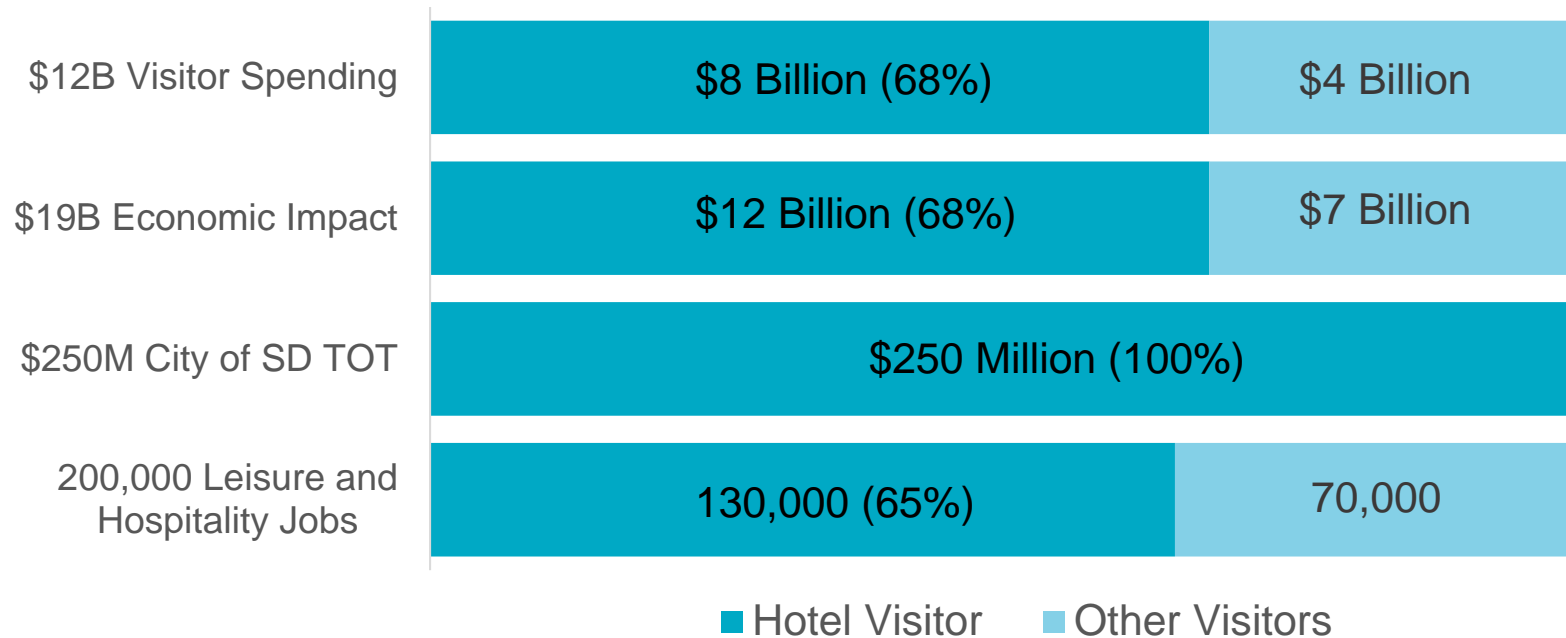
# Visitors to San Diego Spend 70% Of The \$11.6 Billion At Small Businesses in Diverse Sectors



# So Far, San Diego businesses have lost \$2.9 Billion March through June Alone

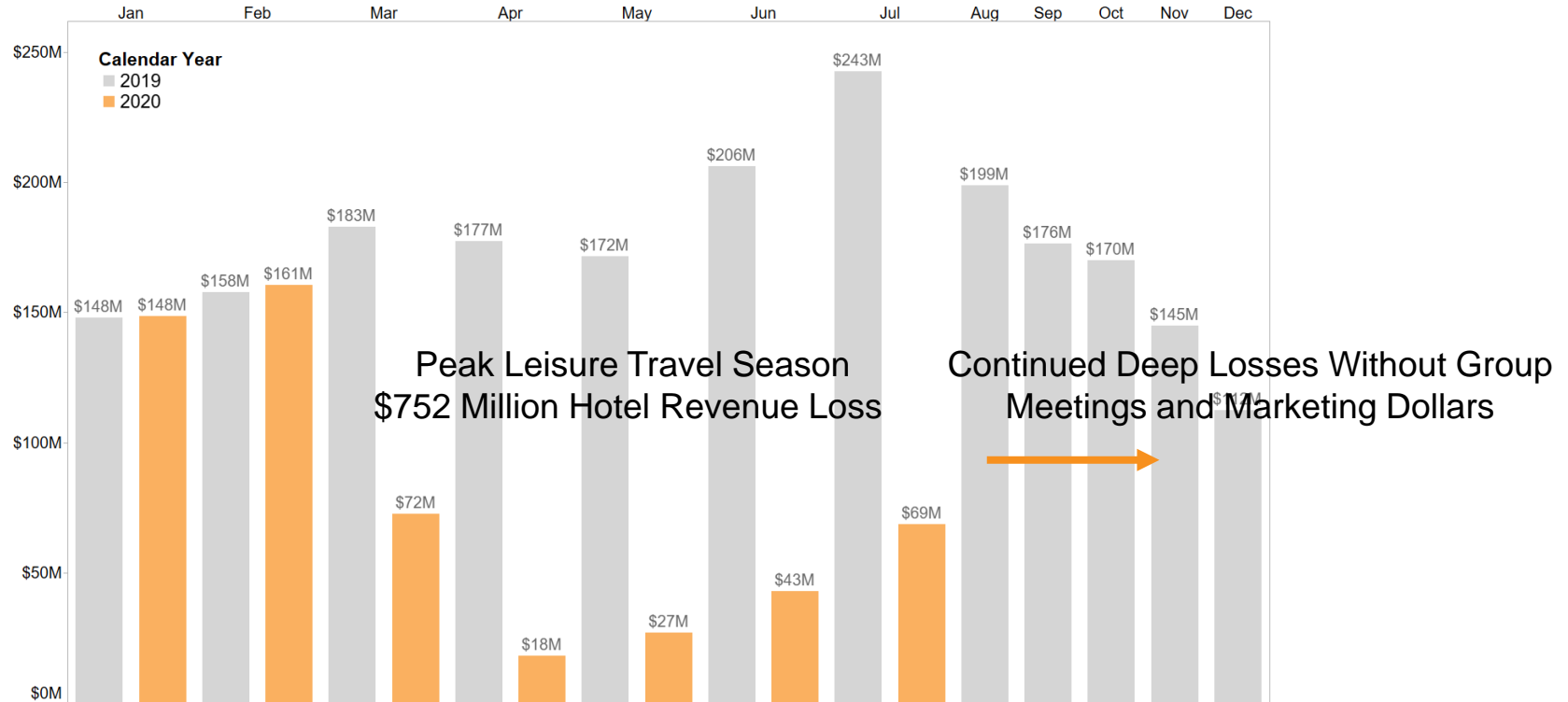


# The Loss Of Hotel Visitors Is Especially Damaging As They Deliver Majority Of The Economic Impact





# City of San Diego Hotel Room Revenue Loss Already \$752 Million March - July



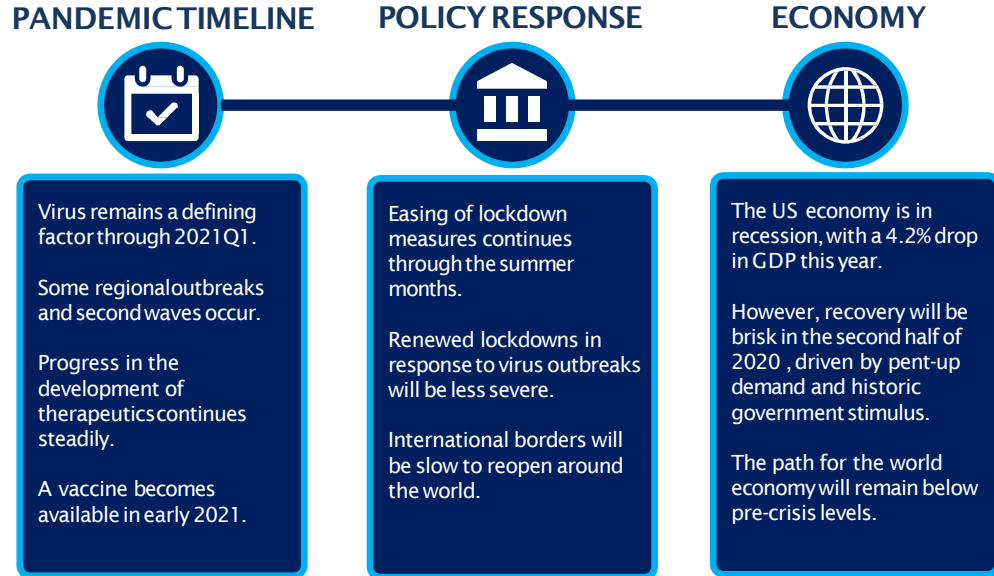
# SAN DIEGO LODGING FORECAST UPDATE

Prepared for:  
San Diego Tourism Authority  
July 17, 2020



[WWW.TOURISMECONOMICS.COM](http://WWW.TOURISMECONOMICS.COM)

# NATIONAL BASELINE ASSUMPTIONS





# The San Diego Hotel Market Mix

Rate Category	Est. Proportion of Historical Annual Demand	Room Nights Estimate 2019
<b>Group: Citywide (SDCC)</b> On books as of 7/8	<b>6%</b> (incl. around block)	1.1 M
<b>Group: Single property meetings and conventions</b>	<b>22%</b>	3.9 M
<b>Leisure transient</b> Including wholesale	<b>60%</b>	10.6 M
<b>Corporate and government</b>	<b>12%</b> biotech, wireless, defense, military, defense	2.1 M
<b>Total</b>	<b>100%</b>	17.7M (San Diego County)

Tourism Economics, As of July 17, 2020

Source: Table based on San Diego Tourism Authority estimates and hotel survey responses, and Tourism Estimates

# Forecast Summary

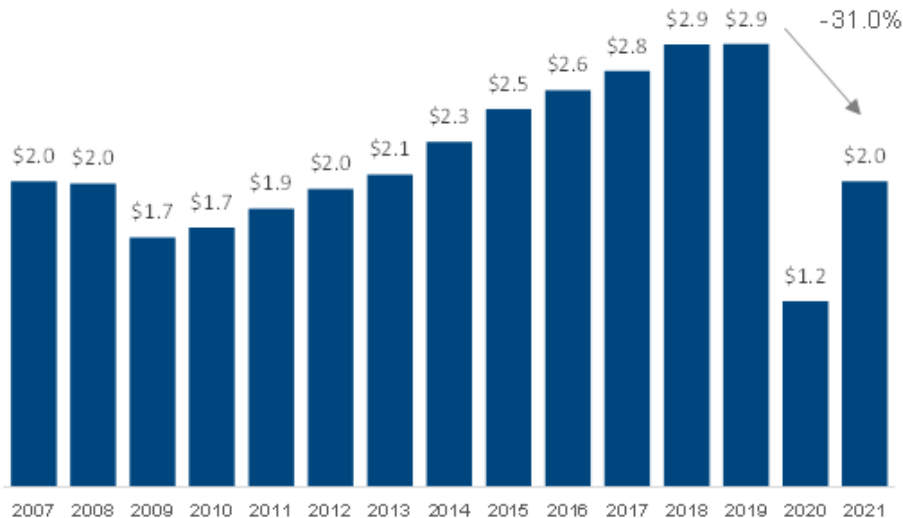
	2017	2018	2019	2020	2021
Supply (in millions)	22.4	22.5	23.1	21.0	23.2
Demand (in millions)	17.3	17.7	17.7	10.0	14.5
Occupancy	77.1%	78.5%	76.7%	47.4%	62.5%
ADR	\$160.35	\$166.50	\$166.57	\$124.27	\$140.17
RevPAR	\$123.57	\$130.74	\$127.68	\$58.93	\$87.67
Room revenue (in millions)	\$2,767.3	\$2,944.6	\$2,945.7	\$1,237.2	\$2,031.7
<b>Growth</b>					
Supply (in millions)	1.2%	0.6%	2.4%	-9.0%	10.4%
Demand (in millions)	1.2%	2.5%	0.0%	-43.7%	45.6%
Occupancy	0.1%	1.9%	-2.4%	-38.1%	31.9%
ADR	3.5%	3.8%	0.0%	-25.4%	12.8%
RevPAR	3.6%	5.8%	-2.3%	-53.8%	48.8%
Room revenue (in millions)	4.8%	6.4%	0.0%	-58.0%	64.2%
<b>Difference from 2019 level</b>			0.0%	-58.0%	-31.0%

Source: STR, Tourism Economics

# Key Results

## Room revenue

In billions



Source: STR, Tourism Economics

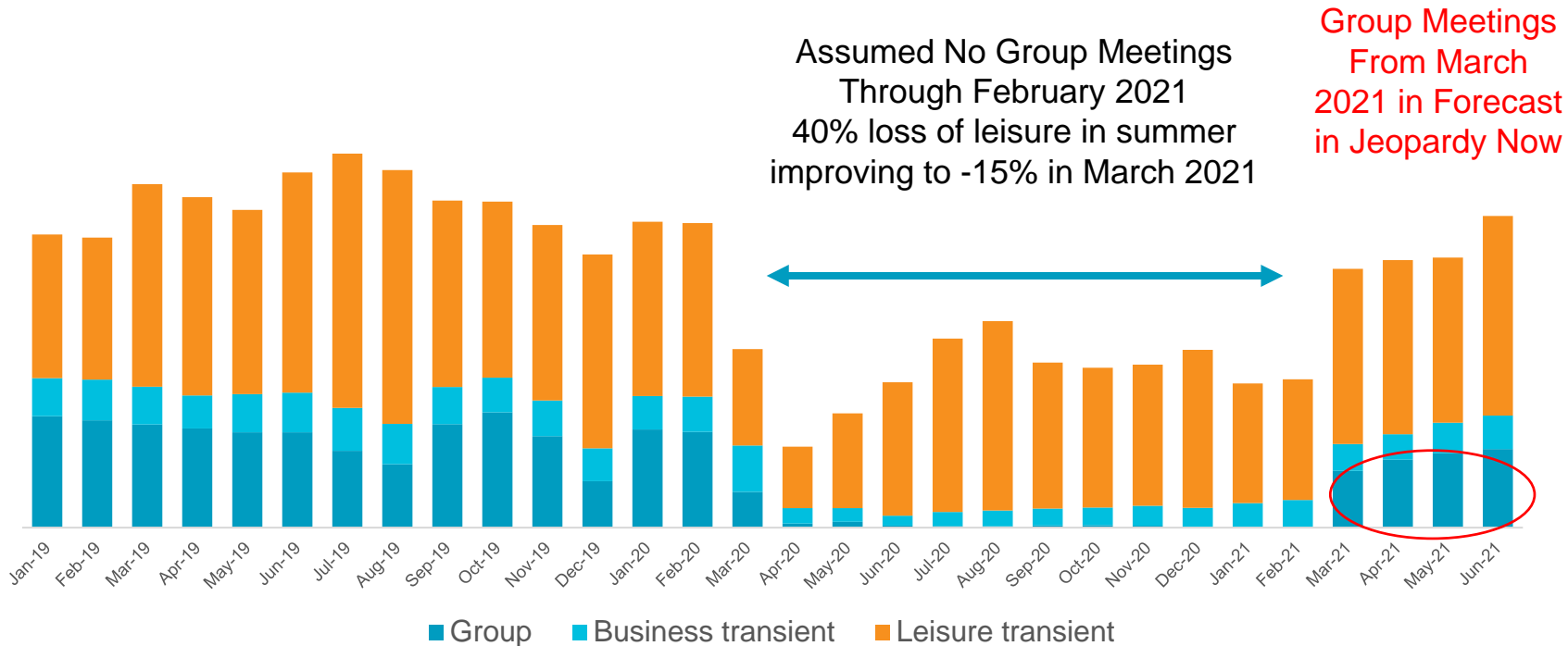
- Room revenue decline of 58.0% expected for 2020, but then 64.2% growth in 2021.
- Recovery in 2021 to room revenue 31.0% below 2019. This would be a similar level as nine years ago.
- April forecast anticipated room revenue in 2021 would be 22.7% below 2019.





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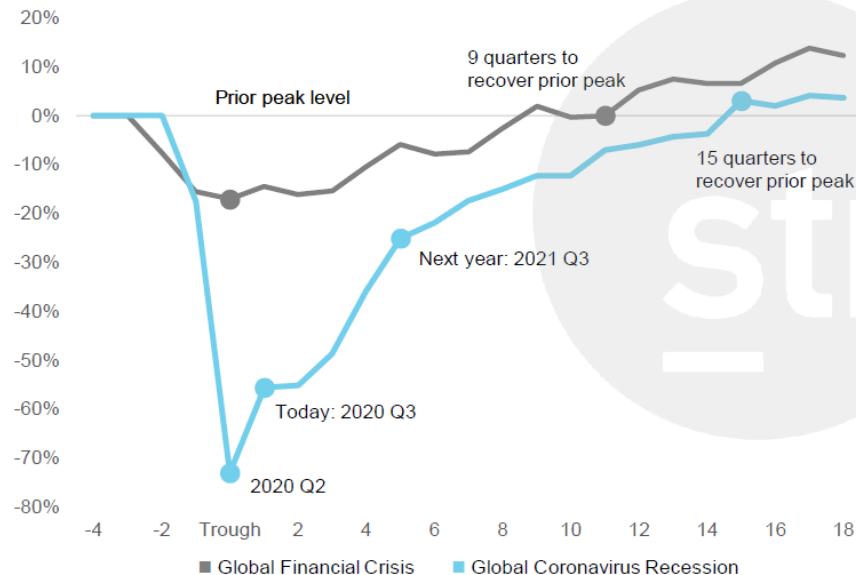
# Forecast of Hotel Room Night Demand



# It's a Long Road Back - US Hotel Room Revenue Recovery nearly 15 quarters (2024Q1) to peak return

## Room revenue: US

Quarters relative to trough, level relative to prior peak



Compares to 9 quarters after GFC...

2021 will recover to 68% of 2019 levels

Source: STR; Tourism Economics

# Q & A



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